



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30 SEPTEMBER 2017

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Nine Months Period Ended 30 September 2017**

	Note	3 months ended		9 months ended	
		30.09.2017 RM	30.09.2016 RM	30.09.2017 RM	30.09.2016 RM
Revenue		102,433,174	90,036,572	232,944,030	246,702,043
Cost of sales		(75,184,766)	(36,474,622)	(153,551,849)	(112,036,886)
Gross profit		27,248,407	53,561,951	79,392,181	134,665,157
Other income	4(a)	12,930,458	16,364,078	50,574,720	33,015,476
Administrative expenses		(10,463,336)	(12,282,255)	(43,351,134)	(36,824,345)
Selling and marketing expenses		(3,977,876)	(411,040)	(7,125,016)	(2,554,069)
Other operating expenses	4(b)	(9,948,276)	(34,896,928)	(25,970,111)	(65,681,642)
		(24,389,488)	(47,590,223)	(76,446,261)	(105,060,056)
Profit from operations		15,789,377	22,335,806	53,520,640	62,620,577
Finance costs	17	(8,666,498)	(9,315,512)	(28,341,762)	(27,133,955)
Profit before tax	17	7,122,879	13,020,294	25,178,878	35,486,622
Income tax expense	18	(2,068,142)	(2,976,156)	(9,105,694)	(9,737,828)
Profit for the period		5,054,737	10,044,138	16,073,184	25,748,794
Other comprehensive income					
-Foreign currency translation difference		(1,518,855)	1,067,943	(1,946,644)	(1,213,505)
Total comprehensive income for the period		3,535,882	11,112,081	14,126,540	24,535,289
Earnings per share (sen)					
Basic	26 (a)	0.96	2.45	3.06	6.07
Diluted	26 (b)	0.96	2.45	3.06	6.07

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Financial Position
As at 30 September 2017**

	Note	As at 30.09.2017 RM	As at 31.12.2016 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	173,087,752	182,983,160
Deferred tax assets		57,588,828	55,846,825
Investment properties	29	308,209,292	352,537,897
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		371,624,832	377,553,907
Other non-current assets	9(b)	411,501,670	398,536,670
Receivables		4,935,486	4,935,486
		<u>1,344,573,896</u>	<u>1,390,019,981</u>
CURRENT ASSETS			
Property development costs		380,519,364	373,459,149
Inventories		76,720,570	71,370,287
Trade and other receivables	9(a)	143,267,901	164,888,737
Other current assets	9(c)	34,074,419	22,803,228
Tax recoverable		7,423,028	4,326,025
Term deposits and fixed income trust fund		573,861	1,005,420
Cash and bank balances		17,766,475	34,061,290
		<u>660,345,618</u>	<u>671,914,136</u>
TOTAL ASSETS		<u>2,004,919,514</u>	<u>2,061,934,117</u>

**Condensed Consolidated Statement of Financial Position as at 30 September 2017
(Contd.)**

	Note	As at 30.09.2017 RM	As at 31.12.2016 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		528,999,579	528,999,579
Treasury shares		(6,931,199)	(6,931,198)
Other reserves		32,757,157	34,703,801
Retained earnings		366,674,931	350,601,747
Total equity		<u>921,500,468</u>	<u>907,373,929</u>
Non-Current Liabilities			
Payables		15,653,789	15,653,789
Provision		-	5,914,839
Deferred tax liabilities		41,096,428	41,987,728
Long term liabilities	20	<u>245,504,722</u>	<u>259,120,177</u>
		<u>302,254,939</u>	<u>322,676,533</u>
CURRENT LIABILITIES			
Trade and other payables		174,027,811	145,063,212
Other current liabilities	22	51,243,598	29,588,327
Provisions	23	10,530,339	8,474,810
Borrowings	20	540,357,999	645,452,166
Income tax payable		5,004,360	3,305,140
		<u>781,164,107</u>	<u>831,883,655</u>
TOTAL LIABILITIES		<u>1,083,419,046</u>	<u>1,154,560,188</u>
TOTAL EQUITY AND LIABILITIES		<u>2,004,919,514</u>	<u>2,061,934,117</u>
NTA per share (RM)		<u>1.71</u>	<u>1.68</u>
Net asset per share (RM)		<u>1.74</u>	<u>1.72</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2017**

	Attributable to Equity Holders of the Company							Total RM
	Share capital RM	Non-distributable			Distributable			
		Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM	Retained profits RM	
Opening balance at 1 January 2016	441,446,129	-	44,698,178	6,512,812	26,578,054	(74,593,405)	429,782,000	874,423,768
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	25,748,794	25,748,794
<u>Other comprehensive income</u>								
-Foreign currency translation difference	-	-	-	(1,213,505)	-	-	-	(1,213,505)
<u>Transaction with owners</u>								
Purchase of treasury shares	-	-	-	-	-	(2,549,836)	-	(2,549,836)
Bonus issue	87,553,450						(87,553,450)	
Share dividend			(44,698,178)			70,212,043	(25,513,865)	
Total transactions with owners	87,553,450	-	(44,698,178)	-	-	67,662,207	(113,067,315)	(2,549,836)
Closing balance at 30 September 2016	528,999,579	-	-	5,299,307	26,578,054	(6,931,198)	342,463,479	896,409,221
Opening balance at 1 January 2017	528,999,579			8,125,747	26,578,054	(6,931,199)	350,601,747	907,373,928
<u>Comprehensive income</u>								
Profit for the year	-	-	-	-	-	-	16,073,184	16,073,184
<u>Other comprehensive income</u>								
Foreign currency translation difference	-	-	-	(1,946,644)	-	-	-	(1,946,644)
Closing balance at 30 September 2017	528,999,579	-	-	6,179,103	26,578,054	(6,931,199)	366,674,931	921,500,468

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Cash Flow
For the Nine Months Period Ended 30 September 2017

	9 months ended 30.09.2017 RM	12 months ended 31.12.2016 RM
Profit before taxation	<u>25,178,878</u>	<u>52,365,354</u>
Net cash from/(used in) operating activities	42,398,512	(74,582,151)
Net cash from/(used in) investing activities	59,581,609	(23,495,239)
Net cash (used in)/generated from financing activities	<u>(37,661,483)</u>	<u>57,056,337</u>
Net increase/(decrease) in cash and cash equivalents	64,318,638	(41,021,053)
Cash and cash equivalents at beginning of financial period	(84,630,434)	(43,609,381)
Cash and cash equivalents at end of financial period	<u>(20,311,796)</u>	<u>(84,630,434)</u>

Cash and cash equivalents at end of financial period comprise the following:

Fixed deposits	573,861	986,126
Less: pledged fixed deposits	(573,861)	(548,706)
	-	437,420
* Cash and bank balances	17,766,475	29,843,684
Bank overdraft (included within borrowings in Note 20)	(38,078,271)	(73,890,485)
	<u>(20,311,796)</u>	<u>(43,609,381)</u>

- * Included in cash at banks of the Group are amounts of RM10,077,341 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

1. BASIS OF PREPARATION

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016. The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2016.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not materially affected by seasonal or cyclical factors.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2017 except as describe below:

- (a) Included in other operating income in the nine months period is income derived from a gain on disposal of an investment property, namely Pantai Medical Centre of RM12,669,519, a gain on land acquisition from a joint venture land of RM6,223,743, a reversal of provision for onerous contract loss, amounting to 6,401,390 and a gain on disposal of property, plant and equipment amounting to RM3,780,674.
- (b) Included in other operating expenses in the nine months period is rental guarantee return of RM 19,177,266.

5. CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2016. There were no changes in estimates that have had a material effect in the current quarter results.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 30 September 2017 and the date of this interim report.

(a) Treasury Shares

There is no purchase of treasury shares during the current quarter of the financial period ended 30 September 2017. Total treasury shares repurchased cumulatively as at 30 September 2017 is 3,661,591 ordinary shares of RM 1 each, representing a cumulative 0.69% of the total paid up share capital of the company as at 30 September 2017. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. There is no repurchase of treasury share subsequent to the interim financial period ended 30 September 2017.

(b) Capital Management

The Group's objectives of managing capital are to safeguard the group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital based on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-55%. The gearing ratio as at 30 September 2017, which are within the Group's objectives for capital management, are as follows:

	30.09.2017	31.12.2016
	RM	RM
Total borrowing	785,862,721	904,572,343
Trade and other payables	174,027,811	160,717,001
Less: Term deposits	(573,861)	(1,005,420)
Less: cash and bank balances	(17,766,475)	(34,061,290)
Net debts	<u>941,550,196</u>	<u>1,030,222,634</u>
Equity attributable to the owners of parents	<u>921,500,468</u>	<u>907,373,929</u>
Capital and net debts	<u>1,863,050,664</u>	<u>1,937,596,563</u>
Gearing ratio	<u>51%</u>	<u>53%</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES (Contd.)

(c) Capital Management (contd.)

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 30 September 2017 are as follows:

	30.09.2017
	RM
Drawdown of revolving credit	18,483,452
Repayment of term loan & revolving credit	(56,144,935)

7. DIVIDEND PAID

No dividend was paid for the financial period ended 30 September 2017.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2016.

9(a). TRADE AND OTHER RECEIVABLES

	As at	As at
	30.09.2017	31.12.2016
	RM	RM
Trade receivables	101,623,158	147,845,794
Less: Provision for impairment	(1,956,068)	(838,395)
	<hr/>	<hr/>
	99,667,091	147,007,399
Other receivables	43,600,810	17,881,338
	<hr/>	<hr/>
	143,267,901	164,888,737

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

9(a). TRADE AND OTHER RECEIVABLES (Contd.)

The ageing analysis for the trade receivables are as follows:

	As at 30.09.2017 RM	As at 31.12.2016 RM
Neither past due nor impaired	31,711,572	73,167,003
1-30 days	7,549,869	40,637,146
31-60 days	8,341,785	2,512,825
61-90 days	1,372,400	4,353,126
91-120 days	11,096,923	6,264,270
121-150 days	1,221,747	1,447,515
>150 days	38,372,795	18,625,514
	67,955,519	73,840,396
Impaired	1,956,068	838,395
	<u>101,623,158</u>	<u>147,845,794</u>

The management is of the opinion that no further provision for doubtful debts is required for those trade receivables which are more than 150 days and will continue to monitor closely on this matter.

Trade receivables are generally on credit terms ranging from 14 days to 180 days. Credit terms for the sales of commercial properties range from 14 days to 270 days.

Included in trade receivables are:

(i) an amount of RM10,063,384 owing by certain directors of the Company

(ii) an amount of RM4,992,700 owing by persons related to directors

The amounts owing by directors and persons related to directors are in respect of purchase of properties from the Group and is under normal credit terms granted to customers.

9(b) Other non current assets represent security deposits for various joint venture projects.

9(c) Included in other current assets is accrued billings in respect of property development of RM NIL (2016- RM863,736).

10. SUBSEQUENT EVENTS

There is no subsequent event from the financial period ended 30 September 2017 until the date of this interim financial report.

11. CHANGES IN COMPOSITION OF THE GROUP

There is no change in the composition of the Group since the last financial year until the date of this interim report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There is no contingent liabilities and contingent assets for the period ended 30 September 2017 and the

13. CAPITAL COMMITMENTS

There is not capital commitment as at 30 September 2017.

14. PERFORMANCE REVIEW

	3 months ended		changes		9 months ended		changes	
	30.09.2017	30.09.2016			30.09.2017	30.09.2016		
	RM	RM	RM	%	RM	RM	RM	%
Revenue	102,433,174	90,036,572	12,396,601	14%	232,944,030	246,702,043	(13,758,013)	-6%
Profit from operations	15,789,377	22,335,806	(6,546,428)	-29%	53,520,640	62,620,577	(9,099,937)	-15%
Profit before tax	7,122,879	13,020,294	(5,897,414)	-45%	25,178,878	35,486,622	(10,307,744)	-29%
Profit for the period	5,054,737	10,044,138	(4,989,400)	-50%	16,073,184	25,748,794	(9,675,610)	-38%

The Group's cumulative turnover for the current financial period ended 30 September 2017 is RM232,944,030 (year 2016-RM246,702,043) and profit before taxation is reported at RM25,178,878 (year 2016-RM35,486,622). The revenue as well as profit before taxation for the current quarter is lower than previous year corresponding quarter mainly due to lower profit contribution from property development sector as a results of credit tightening policies by Bank Negara Malaysia. The Group faces a more challenging economic environment in the current financial year compared to previous financial year. The Group's performance for this year is mainly derived from profit recognition from sales of inventories in Taman Desa Manjung, sales of a portion of development land at Genting Highland and progressive profit recognition of Kiara 163 , Sfera Residensi and Taman Sejati II projects.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

14. PERFORMANCE REVIEW (Contd.)

	Current Quarter RM	Immediate Preceding Quarter RM	Changes	
			RM	%
Revenue	102,433,174	63,129,015	39,304,159	62%
Profit from operations	15,789,377	21,852,200	(6,062,823)	-28%
Profit before tax	7,122,879	10,891,990	(3,769,111)	-35%
Profit for the period	5,054,737	5,784,249	(729,512)	-13%

On a quarter to quarter basis, the current quarter profit before taxation of RM7,122,879 is lower than previous quarter of RM10,891,990. This is due to the Group has recognised a gain on disposal of an investment property of RM12,669,519 in the second quarter. This has resulted in the Group registered a lower profit compared to immediate preceding quarter.

An analysis of other operating income for the current financial period are as follows:

	30.09.2017 RM	30.09.2016 RM
Other operating income		
Gain on disposal of investment properties	12,669,519	-
Gain on land acquisition	6,223,743	-
Rental income from properties and machineries	17,246,222	11,987,000
Provision for onerous contract loss written back	6,401,390	18,200,000
Gain on disposal of property, plant and equipment	3,780,674	-
Commission income	1,472,039	700,000
Foreign exchange gain	1,473,660	1,275,438
Others	1,307,473	853,038
	50,574,720	33,015,476

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instruments as at the date of this report.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

16. COMMENTARY ON PROSPECTS

The local and global economic climate remains challenging. Taking into consideration of the reduced contributions from existing projects, the Board look forward for an improvement in the current economic climate and a relaxation in the banking guideline over the subsequent quarters for a reversal of its performance.

The Board is cautiously optimistic of our Kiara 163 mixed development project held under D'Kiara Place Sdn Bhd ("DKP"), a wholly owned subsidiary company of YNH Property Bhd. DKP is the registered and beneficial owner of the 6 acres freehold development property located in Mont' Kiara, Kuala Lumpur, besides McDonald outlet at Plaza Mont' Kiara and opposite One Mont' Kiara. The proposed commercial development comprises:

- i) 1 block of 46 storey of service apartment and 1 block of hotel suites of 44 storey (718 units) with facilities and multi-storey car park,
- ii) 1 Small Office Versatile Office ("SOVO") Tower,
- iii) 1 shopping mall and basement car park.

The Kiara 163 project has a total GDV of approximately RM1.0 billion with 60% of the GDV comprising of service apartments which are planned to be sold fully furnished and also managed by a reputable manager, with a similar concept like Fraser Place KL. The retail shopping mall will also be one of the main attraction of the development where residents/ tenants have seamless life, work and play lifestyle. Main building work for Kiara 163 has already commenced in the current financial year.

Another project which is currently undertaken by the Company is Sfera Residensi, which is located at Puchong South, Selangor. The project will have a Gross Development Value of approximately RM426 million, and is expected to contribute to the Company for the next financial year.

Another prestigious project planned for the future by YNH group is the Menara YNH development, located on one of the most exclusive addresses in Kuala Lumpur city centre, in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are found. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres. This Menara YNH has a GDV of approximately RM2.1 billion. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

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16. COMMENTARY ON PROSPECTS

The Group has intention to keep 50% of the Menara YNH referred above as investment property and it will be used as the Group's future corporate headquarter.

The Group has also entered into a series of joint venture projects for the development of a few pieces of land strategically located near Mont' Kiara, Hartamas, Kuala Lumpur city centre, Ipoh city and Seri Manjung town. These developments are at planning stage and have an estimated gross development value of RM1.8 billion and are expected to contribute to the Group's earnings for the next 15 to 20 years.

The Group had successfully completed the construction of AEON Mall Seri Manjung in year 2012 and Pantai Specialist Centre at Seri Manjung in November 2013. The presence of AEON Mall Seri Manjung Shopping Centre and Pantai Specialist Centre will further enhance the value of the balance 700 acres of undeveloped landbanks in the Manjung Point Township.

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land bank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highland Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet is 45 minutes from the KL city centre as the existing highway is already completed from the KL city centre to the existing resort.

The proposed development for this 95 acres land bank comprises commercial, bungalows, condominium, retail and etc. for both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and expected to contribute to the Group's earnings in the next 20 years.

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17. PROFIT BEFORE TAXATION

This is arrived at after charging:	9 months ended 30.09.2017 RM
Short term revolving interest	17,341,060
Term loan interest	7,741,285
Overdraft interest	<u>3,259,417</u>
and crediting	9 months ended 30.09.2017 RM
Interest income	<u>159,376</u>

18. INCOME TAX EXPENSE

	3 months ended 30.09.2017 RM	3 months ended 30.06.2016 RM	9 months ended 30.09.2017 RM	9 months ended 30.06.2016 RM
Tax expense for the period:				
Malaysian income tax	(2,687,187)	(6,068,995)	(10,013,800)	(15,996,546)
Deferred tax	619,045	3,092,839	908,106	6,258,718
	<u>(2,068,142)</u>	<u>(2,976,156)</u>	<u>(9,105,694)</u>	<u>(9,737,828)</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow:

Profit before taxation	9 months ended 30.09.2017 RM
	<u>25,178,878</u>
Taxation at applicable statutory tax rate	(6,042,931)
Expenses not deductible for tax purposes	(4,801,088)
Income not taxable	2,002,543
Others timing differences	(264,218)
Tax expense for the quarter/year	<u>(9,105,694)</u>

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19. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and no other sales of properties for the financial year ended 30 September 2017 except for the sales of development properties in the ordinary course of business.

20. LOAN AND BORROWINGS

	As at 3rd quarter ended 30.09.2017					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	-	-	5,626,972	-	5,626,972	-
Secured-Term loan		245,504,722	-	16,850,480	-	262,355,202
Secured-Bank overdraft and revolving credit	-	-	-	517,880,547	-	517,880,547

	As at 3rd quarter ended 30.09.2016					
	Long term		Short term		Total borrowings	
	USD denomination	RM denomination	USD denomination	RM denomination	USD denomination	RM denomination
Secured						
Secured-Finance lease liabilities	6,752,237		14,051,142	-	20,803,379	-
Secured-Term loan		248,213,291		10,446,463	-	258,659,754
Secured-Bank overdraft and revolving credit				586,089,826	-	586,089,826

The weighted average interest of borrowings is 5.78% and RM8,379,341 of loan and borrowings in the current year are based on fixed interest rate and RM777,483,380 of loan and borrowings are based on floating interest rate.

The USD denominated loan of RM5,626,972 is not hedged to Ringgit Malaysia and the average exchange rate for this loan is Ringgit Malaysia 4.23 to one USD.

21. PROFIT FORECAST

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

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22. OTHER CURRENT LIABILITIES

Included in other current liabilities is accrued billing of RM50,195,578 (2016-RM10,529,815).

23. PROVISIONS

	As at 30.09.2017	As at 31.12.2016
	RM	RM
Opening	14,389,649	36,675,617
Provision during the period/year	2,542,081	5,326,136
Utilisation/ written back during the period/year	(6,401,391)	(27,612,104)
Closing	<u>10,530,339</u>	<u>14,389,649</u>

24. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of YNH Property Bhd and its subsidiaries.

25. DIVIDEND PAYABLE

No dividend payable as at the date of the interim financial statement dated 30 September 2017.

The Company has a dividend policy of at least 30% of profit after taxation be fixed for future declaration of dividend.

26. EARNING PER SHARE

(a) **Basic**

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30.09.2017	3 months ended 30.09.2016	9 months ended 30.09.2017	9 months ended 30.09.2016
	RM	RM	RM	RM
Net profit for the period	5,054,737	10,044,138	16,073,184	25,748,794
Weighted average number of ordinary shares in issue	525,338,188	409,504,575	525,338,188	424,086,208
Basic earnings per share (sen)	<u>0.96</u>	<u>2.45</u>	<u>3.06</u>	<u>6.07</u>

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26. EARNING PER SHARE (Contd.)

(b) **Diluted**

There is no dilution effect in calculating earning per shares because there is no Employee Share Scheme in effect during the current financial year. As such , the diluted earning per share is similar with basic earning per shares.

	3 months ended 30.09.2017 RM	3 months ended 30.09.2016 RM	9 months ended 30.09.2017 RM	9 months ended 30.09.2016 RM
Net profit for the period	5,054,737	10,044,138	16,073,184	25,748,794
Weighted average number of ordinary shares in issue	525,338,188	409,504,575	525,338,188	424,086,208
Adjusted weighted number of ordinary shares in issue	525,338,188	409,504,575	525,338,188	424,086,208
Diluted earnings per share (sen)	0.96	2.45	3.06	6.07

27. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 30 September 2017 are as follows:

Party	Transaction	30.09.2017 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material, rental of land and properties and entitlement payable	5,712,010
	Rental of properties and equipment received	2,219,599
	Sales of properties	5,030,150
	Sales of building material	-
Transaction with person connected with Directors	Guarantee return paid for service apartment	1,319,988
	Legal services and disbursement paid (including stamp duty etc.)	2,294,554
	Sales of properties	9,830,872
	Rental of properties received	27,000

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27. RELATED PARTY TRANSACTION (Contd.)

Party	Transaction	30.09.2017 RM
Transaction with Directors	Sales of properties	1,109,800
	Guarantee return paid for service apartment and office	<u>9,770,528</u>
Transaction with Directors	Legal services and disbursement paid (including stamp duty etc.)	<u>161,362</u>

The Group's Directors personal compensation for the period under review are as follows:

	30.09.2017 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)(Executive directors)	7,441,239
Directors fee & allowances (Independent & non executive directors)	265,625
Employee share option	-
	<u>7,706,864</u>

28. REALISED AND UNREALISED PROFITS

	30.09.2017 RM	31.12.2016 RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	559,239,327	538,127,093
-Unrealised profits	<u>24,658,854</u>	<u>27,427,221</u>
	<u>583,898,181</u>	<u>565,554,314</u>
Consolidation adjustments	<u>(217,223,250)</u>	<u>(214,952,567)</u>
Total group retained profits as per consolidated accounts	<u>366,674,931</u>	<u>350,601,747</u>

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29. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	270,887,646	91,443,386	362,331,032
Additions	-	9,814,519	9,814,519
Written back upon disposals	(52,340,669)	-	(52,340,669)
Reclassification upon completion	33,171,791	(33,171,791)	-
As at 30 September 2017	<u>251,718,768</u>	<u>68,086,114</u>	<u>319,804,882</u>
Accumulated amortisation			
At 1 January	9,793,135	-	9,793,135
Additions	3,812,641	-	3,812,641
Written back upon disposals	(2,010,187)	-	(2,010,187)
As at 30 September 2017	<u>11,595,589</u>	<u>-</u>	<u>11,595,589</u>
Net carrying amounts	<u>240,123,179</u>	<u>68,086,114</u>	<u>308,209,293</u>

The investment properties comprise AEON Mall Seri Manjung, an international school, a hotel and service apartment block, 19 units double storey shop houses, a sport recreational complex, a petrol station and certain vacant land.

30. UPDATE OF MEMORANDUM OF UNDERSTANDING

The Group has on 4 February 2015 entered into a Memorandum of Understanding ("MOU") in relation to a proposed hotel to be branded as "Hilton Kuala Lumpur City Centre & Residences", to be managed by Hilton Worldwide Manage Limited, for its Menara YNH Development in Kuala Lumpur City Centre. No further changes arise from the date of the MOU to the date of this interim report.

31. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 November 2017.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2017

32. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.09.2017 RM	30.09.2016 RM	30.09.2017 RM	30.09.2016 RM	30.09.2017 RM	30.09.2016 RM	30.09.2017 RM	30.09.2016 RM
Revenue								
External customers	181,239,332	190,964,234	51,704,698	55,737,809	-	-	232,944,030	246,702,043
Inter-segment			190,133	182,616	(190,133)	(182,616)	-	-
Results								
Interest income	159,376	80,083	-	-	-	-	159,376	80,083
Dividend income		-		-	-	-	-	-
Depreciation	9,109,192	7,432,057	4,128,677	4,331,553	-	-	13,237,869	11,763,610
Finance cost	27,790,337	26,750,228	551,425	383,727	-	-	28,341,762	27,133,955
Profit/(loss) before taxation	29,367,373	41,002,546	(3,998,362)	(5,333,308)	(190,133)	(182,616)	25,178,878	35,486,622
Segment assets	1,725,459,653	1,673,874,351	279,459,861	305,843,689	-	-	2,004,919,514	1,979,718,040
Segment liabilities	795,653,970	761,762,622	287,765,076	321,546,196	-	-	1,083,419,046	1,083,308,818